



**COMMONWEALTH of VIRGINIA**

**DEPARTMENT OF MEDICAL ASSISTANCE SERVICES**

600 East Broad Street, Suite 1300  
Richmond, VA 23219

June 19, 2017

Dear Prospective Offeror:

The Department of Medical Assistance Services (DMAS or the Department) is soliciting proposals from qualified firms for actuarial and consulting services for the Division of Provider Reimbursement. Specific details about this procurement are in the enclosed request for proposal RFP 2017-05. Offerors must check eVA VBO at <http://www.eva.virginia.gov> for all official addenda or notices regarding this RFP. While DMAS also intends to post such notices on the DMAS website at [http://www.dmas.virginia.gov/Content\\_pgs/rfp.aspx](http://www.dmas.virginia.gov/Content_pgs/rfp.aspx), eVA is the official and controlling posting site. The Commonwealth will not pay any costs that Offerors incur in preparing a proposal. As provided in the Virginia Public Procurement Act, the Department may reject any and all proposals received or cancel this RFP.

Potential Offerors are requested not to call this office. All issues and questions related to this RFP should be submitted in writing to the attention of Felicia Hemby, Reimbursement Analyst, Provider Reimbursement Division, 600 East Broad Street, Suite 1300, Richmond, VA 23219. In order to expedite the process of submitting inquiries, it is requested that Offerors submit any questions or issues by email in MS Word format to [RFP2017-05@dmas.virginia.gov](mailto:RFP2017-05@dmas.virginia.gov).

Offerors who wish to submit a proposal are required to submit a Letter of Intent (LOI) which must be received by the Department no later than 2:00 PM local time on June 30, 2017. The LOI must be on the Offeror's letterhead and document their intent to submit a proposal in response to the RFP. The prior submission of an LOI is a prerequisite for submitting a proposal; proposals shall not be accepted from Offerors who have not submitted a LOI by the deadline specified above. LOI's may be emailed to the address listed above with original hard copy to follow via USPS, overnight delivery or courier service. All LOI's shall be addressed to:

Department of Medical Assistance Services  
Attention: Whitney Speece  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

Sincerely,

Whitney Speece  
DMAS Contract Officer

Enclosure

**REQUEST FOR PROPOSALS**  
**RFP 2017-05**

**Issue Date:** June 19, 2017

**Title:** Actuarial and Consulting Services for the Division of Provider Reimbursement

**Period of Contract:** An initial period of three years from date of award, with provisions for three 12-month extensions

**Commodity Code:** 94612

All inquiries should be directed in writing via email in MS Word Format to:  
[RFP2017-05@dmass.virginia.gov](mailto:RFP2017-05@dmass.virginia.gov)

Felicia Hemby, Reimbursement Analyst  
Provider Reimbursement Division  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, Virginia 23219

**Deadline for submitting Letter of Intent and inquiries:** 2:00 PM ET, June 30, 2017

**Proposal Due Date:** Proposals will be accepted until 2:00 PM ET on July 28, 2017

**Submission Method:** The proposal(s) must be sealed in an envelope or box and addressed as follows:

“RFP 2017-05 Sealed Proposal”  
Department of Medical Assistance Services  
Attention: Whitney Speece  
600 E. Broad Street, Suite 1300  
Richmond, Virginia 23219

Facsimile transmission of the proposal is not acceptable.

**Note:** This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

In compliance with this Request for Proposal (RFP) and to all conditions imposed herein or incorporated by reference, the undersigned proposes and agrees, if awarded this contract, to furnish the services contained in their proposal.

Firm Name (Print)	F.I. or S.S. Number
Address	Print Name
Address	Title
City, State, Zip Code	Signature (Signed in Ink)
Telephone:	Date Signed
Fax Number:	Email:
eVA Registration Offeror Number <b>(Required):</b>	eVA #:
State Corporation Commission ID Number <b>(Required):</b> (See Special Terms and Conditions)	SCC ID#:
Dun & Bradstreet D-U-N-S Number <b>(Required):</b>	DUNS#:
Check Applicable Status: Corporation: _____ Partnership: _____ Proprietorship: _____ Individual: _____ Woman Owned: _____ Minority Owned: _____ Small Business: _____ If Department of Small Business and Supplier Diversity (DSBSD) certified, provide certification number: _____	

**Submit this completed form with Technical Proposal under Required Forms**

**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF MEDICAL ASSISTANCE SERVICES**  
**REQUEST FOR PROPOSALS**  
**FOR**  
**ACTUARIAL AND CONSULTING SERVICES**  
**FOR THE**  
**PROVIDER REIMBURSEMENT DIVISION**  
**RFP 2017-05**  
**ISSUED: June 19, 2017**

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**VIRGINIA MEDICAID  
CONSULTING AND ACTUARIAL SERVICES  
FOR THE  
PROVIDER REIMBURSEMENT DIVISION**

**I – PURPOSE**

DMAS is hereby soliciting proposals from qualified organizations through a competitive procurement process, in order to purchase consulting and actuarial services to develop capitation rates for Medicaid managed care programs, the State Children's Health Insurance Program, and other health care programs. This RFP is intended to provide potential Offerors with sufficient information to submit proposals meeting minimum requirements. Offerors are encouraged to expand on the specifications based on their experience and knowledge.

**II - BACKGROUND**

**2.1 Introduction**

The Department of Medical Assistance Services (DMAS) is the single State agency in the Commonwealth of Virginia that administers the Medicaid and State Children's Health Insurance Program (SCHIP) Programs under Title XIX and XXI of the Social Security Act, respectively, 42 Code of Federal Regulations, §431.10. DMAS is responsible for the development, implementation, and administration of the Medicaid program, Family Access to Medical Insurance Security (FAMIS), the Program of All-Inclusive Care for the Elderly (PACE), and other health care programs. The Division of Provider Reimbursement is responsible for the establishment of Medicaid rates paid for capitated programs.

**2.2 Background**

Title XIX of the Social Security Act, referred to as "Medicaid," was established under federal law in 1965. The Virginia medical assistance plan (VMAP) began operation on July 1, 1969, and provides for a uniform and comprehensive program of medical and health care for those impoverished and needy persons who are able to establish eligibility. The federal and state governments share the costs of the Medicaid program.

The Virginia Medicaid program relies on both managed care organizations (MCO) and fee-for-service (FFS) arrangements to provide health care services to Medicaid recipients. Enrolled in managed care programs are Medicaid beneficiaries who qualify for benefits under Low Income Families with Children (LIFC); Aged, Blind and Disabled (ABD); Medicaid Expansion; and, the State Children's Health Insurance Program (SCHIP). Some beneficiaries are currently excluded from managed care programs. Historically, excluded individuals included those with other comprehensive health coverage such as Medicare and other third party payors, those in nursing homes or long stay hospitals, and those who received long term services and supports (LTSS) through home and community based care (HCBC) waivers.

The Virginia General Assembly instructed DMAS to transition as many members as possible into managed care. This has been accomplished by expanding Medallion 3.0 to the entire State, adding population groups that were previously excluded such as foster care and implementing new managed care programs for members receiving LTSS.

## 2.3 Definitions

Throughout this RFP, the following definitions shall be applicable:

- **ACTUARIALLY SOUND CAPITATION RATES:** Defined in 42 CFR 438.4 - capitation rates that have been developed in accordance with generally accepted actuarial principles and practices; are appropriate for the populations to be covered and the services to be furnished under the contract; and have been certified as actuarially sound by actuaries who meet the qualification standards established by the American Academy of Actuaries and follow the practice standards established by the Actuarial Standards Board.
- **BALANCED BUDGET ACT (BBA):** Refers to the Balanced Budget Act of 1997; final rule issued June 14, 2002; effective August 13, 2002. The BBA was a comprehensive revision to Federal statutes governing all aspects of Medicaid managed care programs as set forth in section 1932 of the Social Security Act and Title 42 Code of Federal Regulations (CFR) Part 438 et. seq.
- **1915(b) WAIVER:** The waiver required by the Centers for Medicare and Medicaid Services that states must obtain, in order to implement managed care and prepaid health plan programs. Waivers must be renewed every two years.
- **CAPITATION PAYMENT:** A payment the Department makes periodically to a vendor on behalf of each recipient enrolled under a contract for the provision of specified services under the State Plan, regardless of whether the particular recipient receives services during the period covered by the payment.
- **CAPITATION RATE:** The monthly rate, payable to the Vendor, per enrollee, for all expenses incurred by the Vendor in the provision of contract services for the period covered by the contract.
- **CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS):** The Federal agency that administers Medicaid and the Children's Health Insurance Program.
- **CHRONIC ILLNESS AND DISABILITY PAYMENT SYSTEM (CDPS):** A diagnostic classification system that Medicaid programs can use to make health-based capitated payments for Low Income Families with Children (LIFC) and disabled Medicaid beneficiaries.
- **CLAIMS DATA:** An itemized statement of healthcare services and their costs provided by a hospital, physician's office or other provider. Claims are submitted to the insurer or managed care plan by either the plan member or the provider for payment of the costs incurred.
- **COMMONWEALTH COORDINATED CARE (CCC):** Commonwealth Coordinated Care is a financial alignment demonstration program to coordinate care for individuals who are currently served by both Medicare and Medicaid and meet certain eligibility requirements. The program is designed to be Virginia's single program to coordinate delivery of primary, preventive, acute, behavioral, and long-term services and supports. In this way, the individual receives high quality, person centered care that is focused on their needs and preferences. The CCC program will end 12/31/2017.
- **COMMONWEALTH COORDINATED CARE PLUS (CCC Plus):** A new statewide Medicaid managed long term services and supports program that will service approximately 214,000 individuals with complex care needs. CCC Plus is proposed to launch August 1, 2017.
- **CONTRACTOR:** Organization under contract with DMAS to provide actuarial and consulting services.
- **ENCOUNTER DATA:** Data provided to DMAS by Vendors that reflect the claims paid to health care providers who provide services to Medicaid recipients.
- **FAMIS and FAMIS PLUS– Family Access to Medical Insurance Security:** In 2002, DMAS consolidated all children eligible for services administered by DMAS under one umbrella name. FAMIS covers children who qualify for benefits under Virginia's separate Title XXI State Child Health Insurance Program (SCHIP). FAMIS PLUS includes children who are medically indigent and eligible for benefits under Virginia's SCHIP Medicaid Expansion under Title XXI or under Title XIX (Medicaid) of the Social Security Act.

- **FAMIS MOMS:** Title XXI expansion population consisting of pregnant women with a family income between 133% and 150% of the Federal Poverty Level.
  - **FEE FOR SERVICE (FFS):** The Medicaid program in which payment for individual health care services are made, based upon the Medicaid FFS rate and fee schedules.
  - **MANAGED CARE ORGANIZATION (MCO):** An insurance organization arranging benefits through managed care. DMAS currently contracts with five MCOs offering seven products. The number of contracted MCOs may change over the course of the contract period.
  - **MEDALLION 3.0:** A statewide, full-risk MCO program for Medicaid beneficiaries. Services are arranged by the MCO, and DMAS pays the MCO a monthly capitation payment to fund all contracted health care services. Medallion 3.0 operates under a 1915(b) waiver. The Medallion 3.0 program will end December 1, 2018.
  - **MEDALLION 4.0:** A statewide full risk MCO program for beneficiaries who qualify for eligibility under the Low Income Families with Children program. Medallion 4.0 will be a transition program from the Medallion 3.0 program with a scheduled implementation date of August 1, 2018.
  - **MEDICAID AND CHIP MANAGED CARE FINAL RULE:** Implemented by CMS effective July 5, 2017 this regulation aligns key rules applicable to Medicaid and CHIP programs with those of other health insurance coverage programs. The rule modernizes how states purchase managed care for beneficiaries and strengthens key consumer protections.
  - **MEDICAID ELIGIBILITY GROUPS (MEGS):** A population group determined by eligibility category and demographic characteristics used for reporting actual and projected 1915(b) waiver expenditures.
  - **MEDICAID EXPANSION GROUP:** Children between the ages of 6 and 19 years with a family income greater than 100% but less than 133% of the Federal Poverty Level.
  - **OFFEROR:** Organization submitting a proposal to DMAS to provide actuarial and consulting services.
  - **PROGRAM FOR ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE):** A comprehensive and integrated package of long-term medical, rehabilitative and other services, including day health care, nutritional counseling, respite care, supportive services, transportation, meals and acute care services. PACE includes Medicare payments.
  - **PROTECTED HEALTH INFORMATION (PHI):** Individually identifiable health information that is created or received by a health care provider, health plan, employer, or health care clearinghouse and that relates to the mental or physical health of the individual, the provision of health care to the individual, or payment for the provision of health care to the Individual.
  - **RATE CELL:** A capitation payment amount, based upon age, gender, basis of Medicaid eligibility, geography and other characteristics.
  - **RISK ADJUSTMENT:** The statistical adjustment of measures to account for risk factors that are beyond the control of the MCO, such as the patient's gender, age and the seriousness of the patient's illness or presence of chronic health conditions.
  - **SMILES FOR CHILDREN:** Smiles For Children will enroll approximately 400,000 Medicaid and FAMIS children in both fee-for-service and managed care programs and provide services through the use of a single Dental Benefits Administrator (DBA). When Smiles For Children was implemented, dental services were carved out of the MCO contracts.
  - **STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP):** A program, established by the Balanced Budget Act, designed to provide health assistance to uninsured, low-income children either through separate programs, or through expanded eligibility under state Medicaid programs.
  - **TEST OF COST EFFECTIVENESS:** The method used by CMS to ensure that the provision of health care services to Medicaid recipients in managed care arrangements is cost effective. Medicaid agencies must project the total cost of the waiver and the cost of care on a per member per month basis in a prospective period, when applying for a managed care waiver or waiver renewal, and then spend under the projected cost.
- VENDOR:** An entity under contract with DMAS that provides services, such as a managed care organization, a pre-paid health plan, an administrative services organization, or a transportation broker.



### **III - NATURE AND SCOPE OF SERVICES**

#### **3.1 Primary Responsibilities**

**DEVELOP CAPITATION RATES:** Operating in compliance with the Medicaid and CHIP Managed Care Final Rule, distinct sets of capitation rates must be developed for Medallion 3.0, FAMIS/FAMIS MOMS, PACE, CCC-Plus and other programs administered by DMAS, as needed. In all cases, capitation rates must comply with statutory and regulatory requirements, including actuarial soundness and Federal waiver limits, and they must meet requirements specified by CMS in the document titled, “2017-2018 Medicaid Managed Care Rate Development Guide” or later version of the guide as applicable. Capitation base rates are normally determined for a single contract year. A variety of capitation rates, or “rate cells,” will be developed based upon eligibility category, geographic region, age and gender or any other factor that results in a quantifiable difference in cost. In addition, rates will be risk adjusted using CDPS or a similar risk-adjustment method, in order to ensure that capitation rates reflect the financial risk profile of Vendor’s members. The development of capitation rates should consider and integrate the development and tracking of projected expenditures for demonstrating waiver cost effectiveness according to the Centers for Medicare and Medicaid Services (CMS) requirements. Capitation rates must be developed within timelines established by DMAS and must be acceptable to CMS. The Contractor may be required to develop new capitation rates if populations are added to capitated programs; if there are policy, programmatic or pricing changes; if new Vendors enter or exit a program and if there are changes that significantly affect the risk profile of Vendors.

**EVALUATE DATA QUALITY:** Capitation rate development may use FFS claims data, encounter data, health plan/provider/DMAS data, and/or other available information. DMAS and the Vendors will provide the actuarial contractor with claims, encounter, enrollment, financial and other data and information. The Contractor may work directly with the Vendors on a day-to-day basis, in order to obtain complete and accurate data and information.

FFS claims and MCO encounter data are available for almost all Medicaid beneficiaries with the exception of those enrolled in the CCC program. Beginning with the day that the program is implemented in an area, encounter data replace FFS claims data. The greater the number of years since implementation and the larger the proportion of eligible persons enrolled in the program, the smaller the volume of FFS claims and the larger the volume of encounter and Vendor data exists that can be used to establish capitation rates.

The Contractor must assess the reliability, accuracy and completeness of the FFS claims, encounter and Vendor data that may be used to establish capitation rates. This assessment should include a reconciliation of the encounters reported by Vendors to DMAS with corresponding entries in the annual financial statements filed with the Bureau of Insurance (Orange blank). In addition, the Contractor should compare utilization and cost information by Vendor to each other, historic measures and appropriate benchmark measures such as national Medicaid data and investigate any significant variances. The Contractor must also make appropriate recommendations and adjustments as circumstances warrant.

**FORMULATE ASSUMPTIONS:** The Contractor must develop credible utilization figures, trends, and adjustments to price health benefit packages that will be offered to low-income newborns, pregnant women, adolescents, frail elderly persons, disabled persons, and other populations covered by programs administered by DMAS. Adjustments may include those needed to account for changes that

result from actions taken by the Federal government, the State General Assembly and/or by program changes, such as the inclusion of new populations in managed care, changes from one to multiple MCOs in an area, changes in a benefit package, changes in FFS reimbursement rates, or the implementation of new waivers through which services are provided on a capitated basis.

The Contractor will be required to adjust and update historic claims, encounter and Vendor data to account for inflationary and other trends. Benefit packages may vary by managed care arrangement and by geographic area. Cost-sharing amounts (i.e., premiums, deductibles, and coinsurance) may vary with family income. Adjustments and updates may vary by health care program, category of eligibility, and category of service. Adjustments for incurred but not reported or processed claims and encounters will also be required.

**RISK ADJUSTMENT:** The Contractor must adjust the capitation rates for acute care services to reflect differences in the financial risk assumed by competing Vendors, using the Chronic Illness and Disability Payment System (CDPS) or other risk adjustment system that DMAS approves. Risk adjustment for long term care services and supports (LTSS) is not currently utilized. DMAS has studied the use of risk adjustment models for LTSS in the past and the Contractor should be prepared to undertake additional analysis on these models in the future. In addition, mid-contract risk-adjustment calibration may be required.

**PREPARE RATE BOOK:** The Contractor must prepare ratebooks that provide systematic documentation regarding the development of capitation rates that allow DMAS and Vendors to understand the methodology utilized by the Contractor during rate development. Documentation must clearly and completely explain and depict how capitation rates were developed, starting with raw data. This includes assumptions, a discussion of trend factors, claims lag and other adjustments. At a minimum, the ratebooks must comply with the requirements of the appropriate Medicaid and CHIP Rate Development Guide and show, per-member per-month costs by service type for each rate cell by specified Medicaid eligibility categories (e.g., LIFC, ABD, PACE etc.), annual costs per unit of service by service type, annual utilization patterns per 1,000 members, adjustments by service type, inflation updates, and risk adjusters by MCO. For various categories of eligibility, this information must be cross tabulated by category of service, demographic class, geographic area, and MCO.

DMAS will issue the ratebooks to Vendors and post them to the DMAS website. It is imperative that interested parties are able to replicate the rates from information in the ratebooks. The Contractor will be required to meet with Vendors multiple times to explain how the rates were developed and be prepared to answer questions that Vendors pose regarding actuarial methods, assumptions, and computations.

**ASSIST IN THE PREPARATION AND AMENDMENT OF 1915(B) WAIVER COST EFFECTIVENESS PROJECTIONS:** CMS requires that states renew their 1915(b) waivers every two years. Waiver renewal requirements include the demonstration of past waiver cost effectiveness using actual expenditures and the projection of both per member per month and total program costs for the upcoming two-year period. Using the past waiver period expenditures as a base, states must make adjustments for a variety of factors and trend the data forward through the end of the new waiver period. In addition, if states implement policy, program or pricing changes during a waiver period that are expected to impact waiver spending, states must amend their projections to account for the expected changes. . DMAS expects that there will be program, policy and/or pricing changes that will necessitate mid-waiver amendments to the cost effectiveness projections. The Contractor may be asked to assist DMAS in calculating mid-waiver cost projection amendments and in preparing the cost effectiveness portion of future waiver renewal applications. The next renewal will be due for submission to CMS by March 31, 2019.

**PERFORM OTHER SERVICES:** The Contractor may be asked to develop capitation rates or forecast utilization rates and inflation updates for other programs or specific health services. In addition, the Contractor may be asked to assist DMAS in the evaluation of capitation rates proposed by various service vendors. Also, the Contractor may be asked to provide training to DMAS staff relevant to all functions undertaken by the Contractor under this procurement. DMAS will issue task orders and specify timelines, as circumstances warrant.

### 3.2 Specific Requirements

**Complete Proposal** - The proposal, including any subsequent addendum, must be complete and signed by an authorized representative of the Offeror.

**Executive Summary** - The proposal must include a summary that highlights an understanding of the contract requirements, qualifications to serve as the DMAS Contractor for the project, overall approach to the project and a summary of the contents of the proposal.

**Capacity Summary** - The proposal must include the Offeror's experience with developing capitation rates for managed health care services, including the use of risk adjustment methods, preferably the CDPS system. The proposal also must demonstrate that the Offeror has sufficient staff with the experience and credentials needed to meet DMAS' specific needs. The Offeror may utilize subcontractors to work on portions of this project.

**Qualifications Summary** - The proposal must detail the relevant experience and credentials of the staff and subcontractors who will work on this engagement. It is imperative that the Offeror has significant experience in developing risk-adjusted capitation rates for health benefit packages. Resumes of staff and subcontractors proposed for this RFP are to appear as an attachment to the proposal submitted.

**Step-by-Step Description of the Capitation Rate Setting Process** – The proposal must provide a detailed and specific description of the approach that will be taken in developing actuarially sound capitation rates for covered populations, which include recipients residing in both urban and rural areas, recipients in the eligibility categories of LIFC and LIFC-related women, infants and children; blind, aged and disabled populations; and, children eligible for benefits under the State Children's Health Insurance Program. Covered populations include persons with special health care needs. Consideration should be given to the type of data required. In addition, over the course of a rate-contract period, there may be program changes, such as the conversion of one MCO area to multiple MCO areas, managed care organization entrance to or exit from geographic areas or the Medicaid market, and the addition of new populations, such as those with other comprehensive health insurance, those utilizing LTSS, and those in nursing facilities or long stay hospitals. The description of the rate setting process should demonstrate the Offeror's understanding of the Medicaid and CHIP Managed Care Final Rule requirements for capitation rate setting and consider the impact of the current rules regarding the 1915(b) waiver test of cost effectiveness. The description should be appropriate for a general audience and may be no more than five single-spaced pages utilizing 12-point type.

**Risk Adjustment** - The Offeror must describe the approach they would take to ensure that rates paid to individual Vendors are adequate to cover the risk profile of their enrollees and describe criteria for determining when mid-contract rate adjustments may be necessary.

**Waiver Cost Effectiveness** – The Offeror must describe the approach they would take to prepare waiver cost effectiveness projections for wavier renewals and for mid-waiver amendments.

**Actuarial Consulting Services**- The Offeror must describe the approach they would take to provide analytical and actuarial analysis on FFS, encounter, and external pharmacy data in support of policy

management and program enhancements. This shall include evaluation and application of forecasts and modeling to existing and pipeline specialty pharmacy products or categories as well as providing consultative expertise regarding population risk assignment with regard to high cost therapies and assistance in establishing, monitoring and updating reinsurance policy regarding high cost drug therapies. Additionally, DMAS requires the Offeror to provide market share and financial analytics in support of the DMAS Common Core Formulary to assess potential impact to capitation rates for Vendors.

**Staff Roster** - The Offeror should provide a description and chart of the overall organizational structure that identifies all staff proposed for this contract. Staff must include, but is not limited to, a Project Manager, a Senior Analyst/Statistician, a Data Analyst and an Actuary who is an Associate in the Society of Actuaries and a member of the American Academy of Actuaries. The Offeror must also have on staff, or consultative access to, an experienced pharmacoeconomist able to deliver an adequate level of knowledge to support a growing pipeline of high-cost drugs and specialty pharmacy categories. The Offeror must name the individuals (along with their job titles) who will work with DMAS and demonstrate their experience and credentials. The Offeror must commit in writing not to change the proposed staffing without DMAS' prior written concurrence. The Offeror must also include in the proposal a signed commitment letter from any subcontractor proposed for the project to provide services during a specified time period.

**Project Management** - The Offeror must describe its plans to staff, manage, control and supervise the contract and demonstrate the ability to staff and manage projects in an efficient and cost effective manner, in order to provide maximum value to the State. The description will include an estimate of the mix of contractor staff that will be assigned to specific tasks.

**References** - The Offeror must provide a comprehensive listing of contracts of similar size and scope that the Contractor has successfully completed, including contracts with other State Medicaid Agencies, as evidence of their ability to successfully complete the services required by this RFP. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the Offeror should provide the name and telephone number of a contact person. In addition, the Offeror must provide the names, titles, addresses, and telephone numbers of three (3) references from among commercial or government clients for whom it has performed similar work during the past three years. DMAS or DMAS staff shall not be listed as a reference in the Offeror's response to this section.

**Additional Information** -The Contractor is encouraged to furnish any other information pertinent for the project.

## **IV – REPORTING AND DELIVERY REQUIREMENTS**

### **4.1 Deliverables**

The Contractor is required to provide a full range of services and all deliverables set forth in the contract. At a minimum, the successful contractor must furnish DMAS with the following deliverables:

- Timely, well-written reports with spreadsheets and other supporting documentation showing rate calculations for health benefits for covered populations, using software and platforms specified by DMAS.
- Electronic files of reports, spreadsheets, and supporting documentation in formats specified by DMAS.

- Periodic meetings with DMAS staff and health plans/providers to explain the rates and answer related questions.
- All claims, encounter, eligibility, and other files that DMAS provides to the successful contractor must be returned to DMAS after the final capitation rates are established. These files will be the sole property of DMAS.
- Data driven efficiency studies related to the management of pharmacy spend including the establishment of benchmarks related to FFS and Managed Care.
- Provide expertise regarding reinsurance for high cost medications (e.g. specialty pharmacy products), actuarial support for strategic changes and enhancements to the pharmacy program including evaluating products or therapeutic categories for carve-in, Actuarial support and evaluation of program impact should physician administered drugs be managed through the pharmacy benefit and not through the medical benefit.
- Provide actuarial services to evaluate and identify reimbursement and clinical-management opportunities for specialty medications or categories. Provide integrated, pharmacy and medical claims analysis related to medication compliance rates and gaps in therapy to determine financial impact as well as savings opportunity for medication-compliance programs.
- Deploy risk adjustment models to evaluate DMAS programs. This shall include identification and targeting of enrolled members in high-risk corridors for disease of case management, continued monitoring of changes in population risk as a result of patient management activities.

#### **4.2 Form and Format of Deliverables**

All reports produced by the Contractor for submission to the Department shall be produced using Microsoft Word Version 2010, Microsoft Excel, Microsoft Access or other software designated by the Department. Any other data that may be provided by the Contractor in support of contract deliverables shall be provided in electronic format as specified by the Department.

### **V - CONTRACTOR COMPENSATION**

The Contractor must accept the negotiated rate of reimbursement as payment in full, inclusive of all administrative costs, operational costs, overhead, and profit for all services required under the RFP.

#### **5.1 Annual Review of Controls**

The Contractor shall provide to the Department and the State Treasurer a statement from its independent auditor that a review of the Company's internal accounting controls reveals no conditions believed to be a material weakness in the proper administration of the Department's Managed Care program in accordance with sound business principles. The written statement shall be provided annually each June 1 for the preceding calendar year (see Special Terms and Conditions in Section 9.28).

#### **5.2 Payment Methodology**

Compensation under the contract for the contracted services shall be limited to the hourly rates plus approved expenses on a monthly basis as agreed to by the Department and the Contractor during negotiations. The Department shall not offer or pay directly or indirectly any material inducement, bonus,

or other financial incentive based on performance of the contract. Payments to the Contractor shall also be subject to the General Terms and Conditions and the Special Terms and Conditions of Sections 8 and 9 of this RFP.

### **5.3 Payment of Invoice**

The Contractor must furnish DMAS with detailed invoices or bills identifying the Federal tax identification number, the contract number, the task, the number of hours worked by each person assigned to the task, the corresponding hourly rate, and allowable out-of-pocket expenses. Invoices for out-of-pocket expenses shall be accompanied by supporting receipts. The invoice shall be sent via email to [BCMinvoices@dmass.virginia.gov](mailto:BCMinvoices@dmass.virginia.gov) and the DMAS contract administrator. Each invoice submitted by the Contractor shall be subject to DMAS approval based on satisfactory performance of contracted services and compliance with all contract terms.

Payment will be made no later than thirty (30) days after receipt of a correct invoice for such payment. When payment is made by mail, the date of the postmark shall be deemed to be the date of payment. Any amounts due the Commonwealth under the terms of this Agreement may be applied against the Contractor's invoice with appropriate information attached.

The payment of the invoice, by the Department, shall not prejudice the Department's right to object to or question any invoice or matter in relation thereto. Such payment by the Department shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

### **5.4 Payment Reductions**

The Contractor's invoice Shall be subject to reduction for amounts included in any invoice or payment that are determined by the Department not to constitute proper remuneration for compensable services on the basis of work conducted in accordance with the terms of this RFP.

## **VI - PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS**

### **6.1 Procurement Planning Schedule**

The Department anticipates following the schedule below for this procurement. This schedule is for planning purposes only.

<b>Event</b>	<b>Date</b>
State Issues RFP	June 19, 2017
Deadline for Letter of Intent	June 30, 2017
Deadline for Written Inquiries	June 30, 2017
Deadline for Submitting a Proposal to the Department	July 28, 2017
Implementation Date (start of Contractor performance of contract)	January 1, 2018

### **6.2 Issuing Office**

This RFP is issued by the Virginia Department of Medical Assistance Services (DMAS or the Department). The Department shall be the sole point of contact with all interested Offerors from the date of release of the RFP until the contract is fully executed and signed. Offerors should not contact any state employees other than the individuals indicated in this RFP.

If it becomes necessary to revise any part of this RFP, or if additional data are necessary for an interpretation of provisions of this RFP prior to the due date for proposals, an addendum will be issued. Offerors must check eVA VBO at <http://www.eva.virginia.gov> for all official addenda or notices regarding this RFP. While DMAS also intends to post such notices on the DMAS website at [http://www.dmas.virginia.gov/Content\\_pgs/rfp.aspx](http://www.dmas.virginia.gov/Content_pgs/rfp.aspx), eVA is the official and controlling posting site. If supplemental releases are necessary, the Department reserves the right to extend the due dates and time for receipt of proposals to accommodate such interpretations of additional data requirements.

Prior submission of a Letter of Intent shall be a prerequisite for submitting a proposal; proposals shall not be accepted from Offerors who have not submitted a Letter of Intent by the deadline specified in this RFP. Each Offeror shall submit a Technical Proposal in relation to the requirements described in this RFP. The following describes the general requirements for each proposal and the specific requirements for the Technical Proposal and the Cost Proposal.

## **6.2 General Requirements for Technical Proposal**

Each Contractor shall submit a separate Technical Proposal. The Technical Proposal shall be developed and submitted in accordance with the instructions outlined in this section. The Offeror's proposal shall be prepared simply and economically, and shall include a straightforward, concise description of the Offeror's capabilities that satisfy the requirements of the RFP. Although concise, the proposal should be thorough and detailed so that the Department may properly evaluate the Offeror's capacity to provide the required services. All descriptions of services should include an explanation of proposed methodology, where applicable. The proposals may include additional information that the Offeror considers relevant to this RFP.

The proposal should be organized in the order specified in this RFP. A proposal that is not organized in this manner risks a lower score or elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed. The Department and the evaluators are not obligated to ask an Offeror to identify where an RFP requirement is addressed, and no Offeror should assume that it will have an opportunity to supplement its proposal or to assist the evaluators in understanding and evaluating its proposal.

## **6.3 Elements of the Technical Proposal**

The proposal shall contain a Table of Contents that cross-references the RFP submittal requirements referenced in Section III: "Nature and Scope of Services." This will assist the Department in determining uniform compliance with specific RFP requirements. The following describes the required format, content and sequence of presentations for the Technical Proposal:

### **6.3.1 Chapter One: Executive Summary**

The Executive Summary Chapter shall highlight the Offeror's:

1. Understanding of the scope of work requirements.
2. Qualifications to serve as the DMAS Contractor for the project.
3. Overall Approach to the scope of work and a summary of the contents of the proposal.

### **6.3.2 Chapter Two: Corporate Qualifications and Experience:**

Chapter Two shall present the Offeror's qualifications and experience to serve as the Contractor. Specifically, the Offeror shall describe its:

**1. Organization Status:**

- a. Name of Project Director for this Contract;
- b. Name, address, telephone number, fax number, and e-mail address of the legal entity with whom the contract is to be written;
- c. Federal employer ID number;
- d. Name, address, telephone numbers of principal officers (president, vice-president, treasurer, chair of the board of directors, and other executive officers);
- e. Name of the parent organization and major subsidiaries;
- f. Major business services;
- g. Legal status and whether it is a for-profit or a not-for-profit company;
- h. A list of board individuals and their organizational affiliations;
- i. Current organization chart; and
- j. Any specific licenses and accreditation held by the Offeror.

**2. Corporate Experience:**

- a. Offeror's overall qualifications to carry out a project of this nature and scope;
- b. The Offeror shall describe the background and success of the Offeror's organization and experience in performing Medicaid actuarial services;
- c. The Offeror's knowledge of the Medicaid and CHIP populations and the communities;
- d. Any other related experience the Offeror feels is relevant shall be included;
- e. The Offeror shall indicate whether the Offeror has had a contract terminated for any reason within the last five years; and,
- f. The Offeror shall also indicate if a claim was made on a payment or performance bond. If so, the Offeror shall submit full details of the termination and the bonds including the other party's name, address, and telephone number.

**3. Financial Stability:**

The Offeror shall submit evidence of financial stability. The Offeror should submit one of the following financial reports:

- a) For a publicly held corporation, a copy of the most recent three years of audited financial reports and financial statements with the name, address, and telephone number of a responsible person in the Offeror's principal financial or banking organization; or
- b) For a privately held corporation, proprietorship, or partnership, financial information for the past three years, similar to that included in an annual report, to include, at a minimum, an income statement, a statement of cash flows, a balance sheet, and number of years in business, as well as the name, address, and telephone number of a contact in the Offeror's principal financial or banking organization and its auditor.

**6.3.3 Chapter 3: Proposal/Work Plan for Completion of Ratebooks:**

**1. Step-by-Step Description of the Capitation Rate Setting Process:**

The Offeror should provide a detailed and specific description of the approach they would take in developing actuarially sound capitation rates for covered populations, which include recipients residing in both urban and rural areas, recipients in the eligibility categories of LIFC and LIFC-related women, infants and children; blind, aged and disabled populations; MLTSS population; and, children eligible for benefits under the State Children's Health Insurance Program. Covered populations include persons with special health care needs. Consideration should be given to the type of data required, the fact that in some areas of the state, enrollment into an MCO is voluntary and any adjustments that would be required. In addition, over the course of a rate-contract period, there may be program changes, such as the conversion of one MCO areas to multiple MCO areas, managed care



organization entrance to or exit from geographic areas or the Medicaid market, and the addition of new populations, such as higher-income pregnant women or children in Foster Care. The description of the rate setting process should demonstrate the Offeror's understanding of the BBA checklist requirements for capitation rate setting and consider the impact of the current rules regarding the 1915(b) waiver test of cost effectiveness. The description should be appropriate for a general audience and may be no more than five single-spaced pages utilizing 12-point type.

## **2. Risk Adjustment:**

The Offeror must describe the approach they would take to ensure that rates paid to individual Vendors are adequate to cover the risk profile of their enrollees and describe criteria for determining when mid-contract rate adjustments may be necessary.

## **3. Waiver Cost Effectiveness:**

The Offeror must describe the approach they would take to prepare waiver cost effectiveness projections for wavier renewals and for mid-waiver amendments.

- 4. Actuarial Consulting Services-** The Offeror must describe the approach they would take to provide analytical and actuarial analysis on FFS, encounter, and external pharmacy data in support of policy management and program enhancements. This shall include evaluation and application of forecasts and modeling to existing and pipeline specialty pharmacy products or categories as well as providing consultative expertise regarding population risk assignment with regard to high cost therapies and assistance in establishing, monitoring and updating reinsurance policy regarding high cost drug therapies. Additionally, DMAS requires the Offeror to provide market share and financial analytics in support of the DMAS Common Core Formulary to assess potential impact to capitation rates for Vendors.

### **6.3.4 Chapter 4: Staffing:**

**1. Staff Roster -** The Offeror should provide a description and chart of the overall organizational structure that identifies all staff proposed for this contract. Staff must include, but is not limited to, a Project Manager, a Senior Analyst/Statistician, a Data Analyst, a Pharmacoeconomist and an Actuary who is an Associate in the Society of Actuaries and a member of the American Academy of Actuaries. The Offeror must name the individuals (along with their job titles) who will work with DMAS and demonstrate their experience and credentials. The Offeror must commit in writing not to change the proposed staffing without DMAS' prior written concurrence. The Offeror must also include in the proposal a signed commitment letter from any subcontractor proposed for the project to provide services during a specified time period.

**2. Project Management -** The Offeror must describe its plans to staff, manage, control and supervise the contract and demonstrate the ability to staff and manage projects in an efficient and cost effective manner, in order to provide maximum value to the State. The description will include an estimate of the mix of contactor staff that will be assigned to specific tasks.

### **6.3.5 Chapter 5: References:**

The Offeror must provide a comprehensive listing of contracts of similar size and scope that the Offeror has successfully completed, including contracts with other State Medicaid Agencies, as evidence of their ability to successfully complete the services required by this RFP. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the Offeror should provide the name and telephone number of a contact person. In addition, the Offeror must provide the names, titles, addresses, and telephone numbers of three (3) references from among commercial or government clients for whom it has performed similar work during the past three years. **DMAS or DMAS staff shall not be listed as a reference in the Offerors response to this section.**

### **6.3.6 Chapter 6: Required Forms:**

This chapter shall contain the signatory documents as outlined in the RFP. These include the following:

1. RFP Cover Sheet
2. RFP Addenda (if issued).
3. Offerors Transmittal Letter
4. Certification of Compliance with Prohibition of Political Contributions and Gifts During the Procurement Process (Attachment II)
5. Proprietary/Confidential Information Identification Form (Attachment III)
6. State Corporation Commission Form (Attachment IV)

**6.3.7 Additional Information** -The Contractor is encouraged to furnish any other information pertinent for the project.

## **6.4 Binding of Proposal**

The Technical Proposal shall be clearly labeled “RFP 2017-05 Technical Proposal” on the front cover. The legal name of the organization submitting the proposal shall also appear on the cover of the Technical Proposal.

The Technical Proposals shall be typed, bound, page-numbered, single-spaced with a 12-point font on 8 1/2” x 11” paper with 1” margins and printed on one side only. It shall be acceptable for Offerors to use a larger size font for section headings or a smaller font size for footers, tables, graphics, exhibits, or similar sections. Larger graphics, exhibits, org charts, network diagrams may also be printed on larger paper as a foldout if 8 1/2” x 11” paper is not practical. Each copy of the Technical Proposal and all documentation submitted shall be contained in single three-ring binder volumes where practical. A tab sheet keyed to the Table of Contents shall separate each major section. The title of each major Section shall appear on the tab sheet.

The Offeror shall submit an original and four (4) copies of the Technical Proposal by the response date and time specified in this RFP. Each copy of the proposal shall be bound separately. This submission shall be in a sealed envelope or sealed box clearly marked “RFP 2017-05 Technical Proposal”. The Offeror shall also submit one (1) electronic copy (compact disc preferred) of their Technical Proposal in MS Word format (Microsoft Word 2010 or compatible format). In addition, the Offeror shall submit a redacted (proprietary and confidential information removed) electronic copy in PDF format of their Technical Proposal.

## **6.5 Submission Requirements**

All information requested in this RFP shall be submitted in the Offeror’s proposals. By submitting a proposal in response to this RFP, the Offeror certifies that all of the information provided is true and accurate. Failure to provide information required by this RFP may ultimately result in a lower scoring of the proposal.

All data, materials and documentation originated and prepared for the Commonwealth pursuant to this RFP belong exclusively to the Commonwealth and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act and subject to *Code of Virginia* § 2.2-4342. Confidential information shall be clearly marked in the proposal and reasons why the information should be confidential shall be clearly stated.

Trade secrets or proprietary information submitted by an Offeror are not subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror shall invoke the protections of §2.2-4342(F) of the *Code of Virginia*, in writing, either before or at the time the data is submitted. The written notice shall specifically identify the data or materials to be protected and state the reasons why protection is necessary.

The Contractor assures that information and data obtained as to personal facts and circumstances related to clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual's and the Agency's written consent. Any information to be disclosed, except to the Agency, must be in summary, statistical, or other form which does not identify particular individuals

The proprietary or trade secret materials submitted shall be identified by some distinct method, such as highlighting or underlining, and shall indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The electronic redacted copy of the technical proposal and cost proposal shall have the proprietary and confidential information removed or blocked out in its entirety so the content is not visible. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and, in the sole discretion of DMAS, may result in rejection and return of the proposal. **Attachment III of this RFP shall be used for the identification of proprietary or confidential information and submitted with the technical proposal.**

## **6.6 Transmittal Letter**

The transmittal letter shall be on official organization letterhead and signed by the individual authorized to legally bind the Offeror to contract agreements and the terms and conditions contained in this RFP. The organization official who signs the proposal transmittal letter shall be the same person who signs the cover page of the RFP and Addenda (if issued).

At a minimum, the transmittal letter shall contain the following:

1. A statement that the Offeror meets the required conditions to be an eligible candidate for the contract award including:
  - a) The Offeror and any related entities must identify any client relationships, contracts or agreements they have with any State or local government entity that is a Medicaid and/or Title XXI State Child Health Insurance Program provider or Contractor and the general circumstances of the contract or agreement. This information will be reviewed by DMAS to ensure there are no potential conflicts of interest;
  - b) Offeror must be able to present sufficient assurances to the state that the award of the contract to the Offeror will not create a conflict of interest between the Contractor, the Department, and its subcontractors; and,
  - c) The Offeror must be licensed to conduct business in the state of Virginia.
2. A statement that the Offeror has read, understands and agrees to perform all of the Contractor responsibilities and comply with all of the requirements and terms set forth in this RFP, any modifications of this RFP, the Contract and Addenda;
3. The Offeror's general information, including the address, telephone number, and facsimile transmission number;
4. Designation of an individual, to include their e-mail and telephone number, as the authorized representative of the organization who will interact with DMAS on any matters pertaining to this RFP and the resultant Contract; and,
5. A statement agreeing that the Offeror's proposal shall be valid for a minimum of 180 days from its submission to DMAS.

## **6.7 Signed Cover Page of the RFP and Addenda**

To attest to all RFP terms and conditions, the authorized representative of the Offeror shall sign the cover page of this RFP, as well as the cover page of the Addenda, (if issued), to the RFP, the Certification of Compliance with Prohibition of Political Contributions and Gifts during the Procurement Process” form (Attachment II), and The State Corporate Commission form (Attachment IV) and submit them along with its technical proposal.

## **6.8 Procurement Contact**

The principal point of contact for this procurement in DMAS shall be:

Felicia Hemby, Reimbursement Analyst  
Provider Reimbursement Division  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, Virginia 23219  
Email: [RFP2017-05@dmass.virginia.gov](mailto:RFP2017-05@dmass.virginia.gov)

All communications with the Department regarding this RFP should be directed to the principal point of contact or the DMAS Contract Management Officer named in the cover memo. All RFP content-related questions shall be in writing to the principal point of contact or the Department Contract Management Officer. An Offeror who communicates with any other employees or Contractors of the Department concerning this RFP after issuance of the RFP may be disqualified from this procurement.

## **6.9 Submission and Acceptance of Proposals**

The proposals, whether mailed or hand delivered, shall arrive at the Department no later than 2:00 p.m. EST on July 28, 2017. It is the sole responsibility of the Offeror to ensure that proposals are received by the due date and time. The Department shall be the sole determining party in establishing the time of arrival of proposals. Late proposals shall not be accepted and shall be automatically rejected from further consideration. The address for delivery is:

### **Proposals may be sent by US mail, Federal Express, UPS, etc. to:**

Attention: Whitney Speece  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

### **Hand Delivery or Courier to:**

Attention: Whitney Speece  
Department of Medical Assistance Services  
7th Floor DMAS Receptionist  
600 East Broad Street  
Richmond, VA 23219

DMAS reserves the right to reject any or all proposals. Reference *Code of Virginia* § 2.2-4319. DMAS reserves the right to delay implementation of the RFP if a satisfactory Contractor is not identified or if DMAS determines a delay is necessary to ensure implementation goes smoothly without service interruption. Offerors must check the eVA VBO at <http://www.eva.virginia.gov> for all official postings of addendums or notices regarding this RFP. DMAS also intends to post such notices on the DMAS

website at [http://www.dmas.virginia.gov/Content\\_pgs/rfp.aspx](http://www.dmas.virginia.gov/Content_pgs/rfp.aspx) but the eVA VBO is the official posting site that Offerors must monitor.

## **6.10 Oral Presentation and Site Visit**

At any point in the evaluation process, DMAS may employ any or all of the following means of evaluation:

- DMAS review of Industry Publications and Literature
- Reviewing Industry Research
- Offeror Presentations
- Site Visits to Offeror
- Contacting Offerors References
- Product Demonstrations
- Obtain a Dun and Bradstreet Report on the Offeror
- Obtain a Securities Exchange Commission Report on the Offeror
- Requesting Offeror to elaborate on or clarify specific portions of their proposals.

No Offeror is guaranteed an opportunity to explain, supplement or amend its initial proposal. Offerors must not submit a proposal assuming that there will be an opportunity to negotiate, amend, or clarify any aspect of their submitted proposals. Therefore, each Offeror is encouraged to ensure that its initial proposal contains and represents its best offering.

Offerors should be prepared to conduct product demonstrations, presentations or site visits at the time, date and location of DMAS' choice, should DMAS so request.

DMAS may make one or more on-site visits to see the Offeror's operation of another contract. DMAS shall be solely responsible for its own expenses for travel, food and lodging.

## **VII - PROPOSAL EVALUATION AND AWARD CRITERIA**

DMAS will evaluate the Technical Proposals received in response to this RFP in a fair and impartial manner provided for by the Virginia Public Procurement Act (Va. Code § 2.2-4300, *et seq.*). The Evaluation Team will be responsible for the review and scoring of all Technical Proposals This group will be responsible for final recommendation to award to the DMAS Director.

### **7.1 Evaluation of Minimum Requirements**

DMAS will initially determine if each proposal addresses the minimum RFP requirements to permit a complete evaluation of the Technical Proposals. Proposals shall comply with the instructions to Offerors contained throughout this RFP. Failure to comply with the instructions may result in a lower score or elimination from further consideration. Reference Agency Procurement and Surplus Property Manual (APSPM) § 7.3(b). DMAS reserves the right to waive minor irregularities. The minimum requirements for a proposal to be given consideration are:

**Letter of Intent (LOI) submitted before due date and time.**

**RFP Cover Sheet, Addenda (if issued), Transmittal Letter, Certification of Compliance with Prohibition of Political Contributions and Gifts During the Procurement Process (Attachment II), Proprietary/Confidential Information Identification Form (Attachment**

**III), and State Corporation Commission Form (Attachment IV):** These shall be completed and properly signed by the authorized representative of the organization

**Closing Date:** The proposal and the number of copies specified in Section 6.4 will have been received by the closing date for acceptance of proposals

**Mandatory Conditions:** All mandatory General and Special Terms and Conditions contained in Sections 8 and 9 will be accepted.

## 7.2 PROPOSAL EVALUATION

Proposals shall be evaluated using a numerical scoring system. The best proposal for each criteria shall receive the highest points for that subjective criteria (not necessarily the maximum) with the other proposals receiving fewer points according to the evaluator's judgment. The broad criteria for evaluating proposals include the elements below:

Criteria	Weights
<b>1. Experience and Qualifications of Offeror</b>	35%
<b>a)</b> The experience and expertise of the Offeror in providing actuarial services to calculate actuarially sound, risk-adjusted capitation rates for managed care programs for low-income newborns, adolescents, pregnant women, the frail elderly, and disabled persons covered by Medicaid.	
<b>b)</b> The experience and expertise of the Offeror in providing actuarial services to calculate actuarially sound, risk-adjusted capitation rates for Medicaid, SCHIP, PACE, CCC Plus and other public health programs, subject to Medicaid upper payment and Federal waiver limits.	
<b>c)</b> The Offeror's practical understanding of federal regulations pertaining to Medicaid capitation rate setting methodology and 1915(b) waiver cost effectiveness requirements.	
<b>d)</b> The Offeror's familiarity with the health care programs administered by DMAS and with Virginia health care markets. The depth and breadth of the Offeror's knowledge of health care markets and trends.	
<b>e)</b> The experience and expertise of the Offeror in working with and validating large volumes of claims and encounter data from multiple health insurance companies, transportation and other providers and from State Medicaid agencies.	
<b>f)</b> The experience and expertise of the Offeror in community and experience-based health insurance rate setting, including the use of risk adjustment with CDPS as the preferred method.	
<b>2. Technical Proposal/Work Plan - Demonstration in the written proposal of the Offeror's ability to provide all required services in a timely, efficient and professional manner.</b>	40%
<b>a)</b> Rate Setting Process. The Offeror's ability to clearly and completely communicate the detailed step-by-step approach to all tasks related to capitation rate setting, including the quality and soundness of the approach and proposed methods. Mere reiterations of the tasks are strongly discouraged, as they do not provide insight into the Offeror's ability to complete the contract. This section of the proposal should be designed to convince the State that the Offeror's approach demonstrates knowledge of the steps, considerations, issues and challenges that are faced in calculating capitation rates and their solutions.	
<b>b)</b> The Offeror's ability to clearly and completely communicate the approach to preparing waiver cost effectiveness projections and amendments. The quality and soundness of the approach and proposed methods.	
<b>c)</b> Project Management. The demonstrated ability to staff and manage the project in an efficient and cost-effective manner. The ability to deliver products in a timely manner.	
<b>d)</b> Actuarial Consulting Services. The Offeror's demonstrated ability to provide analytical and	

Criteria	Weights
actuarial analysis on FFS, encounter, and external pharmacy data in support of policy management and program enhancements. The ability to forecast and model to existing and pipeline specialty pharmacy products or categories as well as providing consultative expertise regarding population risk assignment with regard to high cost therapies and assistance in establishing, monitoring and updating reinsurance policy regarding high cost drug therapies. Additionally, the ability to provide market share and financial analytics in support of the DMAS Common Core Formulary to assess potential impact to capitation rates for Vendors.	
<b>3. Staffing - Experience and expertise of specific staff assigned to the contract.</b>	
<b>a)</b> The expertise and credentials of the Offeror and staff who will be assigned to work on the project.	20%
<b>b)</b> Qualifications. The closeness of the match between the knowledge, skills, and ability of the persons listed in the staff roster and the tasks required in the Scope of Service. The demonstration that staff listed in the staff roster has sufficient expertise and experience in the performance of tasks required by the Scope of Service. At least one staff member who is an Associate in the Society of Actuaries and a member of the American Academy of Actuaries.	
<b>c)</b> Staff Roster. The adequacy of the Offeror's organizational structure and staffing plan.	
<b>4. Quality of References</b>	5%
<b>a)</b> The quality of the references for similar work the Offeror has performed during the past three years.	

### 7.3 Signing and Execution of the Contract

The successful Contractor will be required to enter into a contract with the Department within seven (7) days of having received a Final contract document from the Department. If the Contractor fails to enter into a contract within seven (7) days, the State may withdraw the notice and select another Contractor, restart the procurement, or discontinue the procurement entirely.

## **VIII- GENERAL TERMS AND CONDITIONS**

### **8.1 Vendors Manual**

This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at [www.eva.virginia.gov](http://www.eva.virginia.gov) under "Vendors Manual" on the vendors tab.

### **8.2 Applicable Laws and Courts**

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Department and the Contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual disputes using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The Contractor shall comply with all applicable federal, state and local laws, rules and regulations.

### **8.3 Anti-Discrimination**

By submitting their proposals, Offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the *Virginia Public Procurement Act* (VPPA), and any other applicable laws. If the award is made to a faith-based organization, the organization shall not discriminate against any individual of goods, services, or disbursements made pursuant to the contract on the basis of the individual's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1 E).

In every contract over \$10,000, the provisions in Sections 8.3.1 and 8.3.2. below apply:

8.3.1 During the performance of this contract, the Contractor agrees as follows:

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
- c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

8.3.2 The Contractor will include the provisions of 8.3.1 above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

### **8.4 Ethics in Public Contracting**

By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

### **8.5 Immigration Reform and Control Act Of 1986**

By entering into a written contract with the Commonwealth of Virginia (COV), the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the Federal Immigration Reform and Control Act of 1986.

### **8.6 Debarment Status**

**By participating in this procurement, the vendor certifies that they are not currently**



**debarred by the Commonwealth of Virginia from submitting a response for the type of goods and/or services covered by this solicitation. Vendor further certifies that they are not debarred from filling any order or accepting any resulting order, or that they are an agent of any person or entity that is currently debarred by the Commonwealth of Virginia.8.7**  
**Antitrust**

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

## **8.8 Mandatory Use of State Form and Terms and Conditions**

Failure to submit a proposal on the official State form, in this case the completed and signed RFP Cover Sheet, may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

## **8.9 Clarification of Terms**

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact Felicia Hemby at [RFP2017-05@dmass.virginia.gov](mailto:RFP2017-05@dmass.virginia.gov) no later than 2:00 PM, ET, June 30, 2017. Any revisions to the solicitation will be made only by addendum issued by the buyer.

## **8.10 Payment**

### **1. To Prime Contractor:**

- a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. Unreasonable Charges: Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges that appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges that are not in dispute (*Code of Virginia*, § 2.2-4363).

2. To Subcontractors:

a. A Contractor awarded a contract under this solicitation is hereby obligated:

(1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

(2) To notify the Department and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.

b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.

3. Each prime Contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the Department, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the Department, or other appropriate penalties may be assessed in lieu of withholding such payment.

4. The COV encourages Contractors and subcontractors to accept electronic and credit card payments.

**8.11 Precedence of Terms**

The following General Terms and Conditions: *VENDORS MANUAL*, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

**8.12 Qualifications of Offerors**

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

**8.13 Testing and Inspection**

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to ensure goods and services conform to the specifications.

#### 8.14 Assignment of Contract

A contract shall not be assignable by the Contractor in whole or in part without the written consent of the Commonwealth. Any assignment made in violation of this section will be void.

#### 8.15 Changes to the Contract

Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the terms, conditions, or scope of the contract. Any additional goods or services to be provided shall be of a sort that is ancillary to the contract goods or services, or within the same broad product or service categories as were included in the contract award. Any increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract. **In any such change to the resulting contract, no increase to the contract price shall be permitted without adequate consideration, and no waiver of any contract requirement that results in savings to the Contractor shall be permitted without adequate consideration. Pursuant to Code of Virginia § 2.2-4309, the value of any fixed-price contract shall not be increased via modification by more than 25% without the prior approval of the Division of Purchases and Supply of the Virginia Department of General Services.**
2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt, unless the contractor intends to claim an adjustment to compensation, schedule, or other contractual impact that would be caused by complying with such notice, in which case the contractor shall, in writing, promptly notify the Purchasing Agency of the adjustment to be sought, and before proceeding to comply with the notice, shall await the Purchasing Agency's written decision affirming, modifying, or revoking the prior written notice. If the Purchasing Agency decides to issue a notice that requires an adjustment to compensation, the contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
  - a. By mutual agreement between the parties in writing; or
  - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the contractor's records and/or to determine the correct number of units independently; or
  - c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance

with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.

#### **8.16 Default**

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies, which the Commonwealth may have.

#### **8.17 Insurance**

By signing and submitting a bid or proposal under this solicitation, the Offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any subcontractors will maintain this insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

##### **MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:**

1. Workers' Compensation: Statutory requirements and benefits: Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.

2. Employer's Liability: \$100,000.

3. Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.

4. Automobile Liability: \$1,000,000 combined single limit. (Required only if a motor vehicle not owned by the Commonwealth is to be used in the contract. Contractor must assure that the required coverage is maintained by the Contractor (or third party owner of such motor vehicle.)

#### **8.18 Announcement of Award**

Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA VBO ([www.eva.virginia.gov](http://www.eva.virginia.gov)) for a minimum of 10 days.

#### **8.19 Drug-Free Workplace**

During the performance of this contract, the Contractor agrees to:

1. Provide a drug-free workplace for the Contractor's employees;
2. Post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or

use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

3.State in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and

4.Include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

## **8.20 Nondiscrimination of Contractors**

A Bidder or Offeror shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, status as a service disabled veteran, any other basis prohibited by state law relating to discrimination in employment or because the bidder or Offeror employs ex-offenders unless the Department has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

## **8.21 eVA Business-To-Government Vendor Registration, Contract and Orders**

Internet electronic procurement solution, web site portal [www.eVA.virginia.gov](http://www.eVA.virginia.gov), streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution by completing the free eVA Vendor Registration. All bidders or offerors must register in eVA and pay the Vendor Transaction Fees specified below; failure to register will result in the bid/proposal being rejected.

Vendor transaction fees are determined by the date the original purchase order is issued and the current fees are as follows:

- a. For orders issued July 1, 2014, and after, the Vendor Transaction Fee is:
  - (i) DSBSD-certified Small Businesses: 1%, capped at \$500 per order.
  - (ii) Businesses that are not DSBSD-certified Small Businesses: 1%, capped at \$1,500 per order.
- b. Refer to Special Term and Condition “eVA Orders and Contracts” to identify the number of purchase orders that will be issued as a result of this solicitation/contract with the eVA transaction fee specified above assessed for each order.

For orders issued prior to July 1, 2014, the vendor transaction fees can be found at [www.eVA.virginia.gov](http://www.eVA.virginia.gov).

The specified vendor transaction fee will be invoiced, by the Commonwealth of Virginia Department of General Services, typically within 60 days of the order issue date. Any adjustments (increases/decreases) will be handled through purchase order changes.

#### **8.22 Availability of Funds**

It is understood and agreed between the parties herein that the Department shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

#### **8.23 SET-ASIDES IN ACCORDANCE WITH THE SMALL BUSINESS ENHANCEMENT AWARD PRIORITY**

This solicitation is set-aside for award priority to DSBSD-certified micro businesses or small businesses when designated as “Micro Business Set-Aside Award Priority” or “Small Business Set-Aside Award Priority” accordingly in the solicitation. DSBSD-certified micro businesses or small businesses also includes DSBSD-certified women-owned and minority-owned businesses when they have received the DSBSD small business certification. For purposes of award, bidders/offerors shall be deemed micro businesses or small businesses if and only if they are certified as such by DSBSD on the due date for receipt of bids/proposals.

#### **8.24 Proposal Price Currency**

Unless stated otherwise in the solicitation, Offerors shall state offer prices in US dollars.

#### **8.25 Authorization to Conduct Business in the Commonwealth**

A Contractor organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the *Code of Virginia* or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the *Virginia Public Procurement Act* shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section

### **IX - SPECIAL TERMS AND CONDITIONS**

#### **9.1 Access to Premises**

The Contractor shall allow duly authorized agents or representatives of the State or Federal Government, during normal business hours, access to Contractor’s and subcontractors’ premises, to inspect, audit, monitor or otherwise evaluate the performance of the Contractor’s and subcontractor’s contractual activities and shall forthwith produce all records requested as part of such review or audit. In the event right of access is requested under this section, the Contractor and subcontractor shall, upon request, provide and make available staff to assist in the audit or inspection effort, and provide adequate space on the premises to reasonably accommodate the State or Federal personnel conducting the audit or inspection effort. All inspections or audits shall be conducted in a manner as will not unduly interfere with the performance of Contractor or subcontractor’s activities. The Contractor will be given thirty (30) calendar days to respond to any preliminary findings of an audit before the Department shall finalize its findings. All information so obtained will be accorded confidential treatment as provided under applicable law.

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the U.S. Department of Health and Human Services, and/or their duly authorized representatives shall be allowed access to evaluate through inspection or other means, the quality, appropriateness, and timeliness of services performed under this Contract.

## **9.2 Access To and Retention of Records**

In addition to the requirements outlined below, the Contractor must comply, and must require compliance by its subcontractors with the security and confidentiality of records standards with respect to the Department's confidential records.

### **9.2.1 Access to Records**

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the Centers for Medicare and Medicaid Services (CMS), state and federal auditors, or any of their duly authorized representatives shall have access to any books, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors.

The Department, the Office of the Attorney General of the Commonwealth of Virginia (including the Medicaid Fraud Control Unit or MFCU), the Auditor of Public Accounts of the Commonwealth of Virginia, the Centers for Medicare and Medicaid Services, state and federal auditors, or any of their duly authorized representatives, shall be allowed to inspect, copy, and audit any of the above documents, including, medical and/or financial records of the Contractor and its subcontractors.

### **9.2.2 Retention of Records**

The Contractor shall retain all records and reports relating to this Contract for a period of six (6) years after final payment is made under this Contract or in the event that this Contract is renewed six (6) years after the renewal date. When an audit, litigation, or other action involving records is initiated prior to the end of said period, however, records shall be maintained for a period of six (6) years following resolution of such action or longer if such action is still ongoing. Copies on electronic media or other appropriate media of the documents contemplated herein may be substituted for the originals provided that the media or other duplicating procedures are reliable and are supported by an effective retrieval system which meets legal requirements to support litigation, and to be admissible into evidence in any court of law. The records, regardless of format, remain the property of DMAS.

## **9.3 Confidentiality of Personally Identifiable Information**

The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual's and the Department's written consent and only in accordance with federal law or the Code of Virginia. Contractors who utilize, access, or store personally identifiable information as part of the performance of a contract are required to safeguard this information and immediately notify the Department of any breach or suspected breach in the security of such information. Contractors shall allow the Department to both participate in the investigation of incidents and exercise control over decisions regarding external reporting. Contractors and their employees working on this project may be required to sign a confidentiality statement.

## **9.4 Audit**

The Contractor shall retain all books, records, and other documents relative to this contract for six (6) years after final payment. The agency, its authorized agents and/or state auditors shall have full access to and the right to examine any of said materials during said period. All known audits and audit discrepancies must be settled before the records can be destroyed.

## **9.5 Award**

The Commonwealth shall engage in individual discussions with two or more Offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such Offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternative concepts. At the discussion stage the public body may discuss non-binding estimates of total project costs, including, but not limited to, life-cycle costing, and, where appropriate, non-binding estimates of price for services. Proprietary information from competing Offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the purchasing agency shall select, in the order of preference, two or more Offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the Offeror ranked first. If a contract satisfactory and advantageous to the purchasing agency can be negotiated at a price considered fair and reasonable, the award shall be made to that Offeror. Otherwise, negotiations with the Offeror ranked first shall be formally terminated and negotiations conducted with the Offeror ranked second, and so on, until such a contract can be negotiated at a fair and reasonable price. The Commonwealth reserves the right to make multiple awards as a result of this solicitation. Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror.

## **9.6 Termination**

This Contract may be terminated in whole or in part:

- a. By the Department, for convenience, with not less than sixty (60) days prior written notice, which notice shall specify the effective date of the termination;
- b. By the Department, in whole or in part, if funding from Federal, State, or other sources is withdrawn, reduced, or limited;
- c. By the Department if the Department determines that the instability of the Contractor's financial condition threatens delivery of services and continued performance of the Contractor's responsibilities; or
- d. By the Department if the Department determines that the Contractor has failed to satisfactorily perform its contracted duties and responsibilities.

The Contractor shall not terminate this contract in part. Each of these conditions for contract termination is described in the following paragraphs.

### **9.6.1 Termination for Convenience**

- a. The Department may terminate this contract at any time without cause, in whole or in part, upon giving the Contractor notice of such termination. Upon such termination, the Contractor shall immediately cease work and remove from the project site all of its labor forces and such of its



materials as owner elects not to purchase or to assume in the manner hereinafter provided. Upon such termination, the Contractor shall take such steps as owner may require to assign to the owner the Contractor's interest in all subcontracts and purchase orders designated by owner. After all such steps have been taken to owner's satisfaction; the Contractor shall receive as full compensation for termination and assignment the following:

- (i) All amounts then otherwise due under the terms of this contract;
- (ii) Amounts due for work performed subsequent to the latest Request for Payment through the date of termination; and
- (iii) Reasonable compensation for the actual cost of demobilization incurred by the Contractor as a direct result of such termination. The Contractor shall not be entitled to any compensation for lost profits or for any other type of contractual compensation or damage other than those provided by the preceding sentence. Upon payment of the forgoing, owner shall have no further obligations to the Contractor of any nature.

b. In no event shall termination for the convenience of the owner terminate the obligations of the Contractor's surety on its payment and performance bonds.

### **9.6.2 Termination for Unavailable Funds**

The Contractor understands and agrees that the Department shall be bound only to the extent of the funds available or which may become available for the purpose of this resulting Contract. When the Department makes a determination that funds are not adequately appropriated or otherwise unavailable to support continuance of performance of this Contract, the Department shall, in whole or in part, cancel or terminate this Contract.

The Department's payment of funds for purposes of this Contract is subject to and conditioned upon the availability of funds for such purposes, whether Federal and/or State funds. The Department may terminate this Contract at any time prior to the completion of this Contract, if, in the sole opinion of the Department, funding becomes unavailable for these services or such funds are restricted or reduced. In the event that funds are restricted or reduced, it is agreed by both parties that, at the sole discretion of the Department, this Contract may be amended. If the Contractor shall be unable or unwilling to provide covered services at reduced rates, the Contract shall be terminated.

No damages, losses, or expenses may be sought by the Contractor against the Department, if, in the sole determination of the Department, funds become unavailable before or after this Contract between the parties is executed. A determination by the Department that funds are not appropriated or are otherwise inadequate or unavailable to support the continuance of this Contract shall be final and conclusive.

### **9.6.3 Termination Because of Financial Instability**

If DMAS determines that there are verifiable indicators that the Contractor will become financially unstable to the point of threatening the ability of the Department to obtain the services provided for under the Contract, DMAS will require verification of the Contractor's financial situation. If from the information DMAS determines the Contractor will inevitably become financially unstable, DMAS may terminate the contract before this occurs. If the Contractor ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, or suffers or permits the appointment of a receiver for its business or assets, DMAS may, at its option, immediately terminate this Contract effective at the close of business on a date specified by the Department. In the event the Department elects to terminate the Contract under this provision, the Contractor shall be notified in writing, by either certified or registered mail, specifying the date of termination. The Contractor shall submit a written waiver of the licensee's rights under the Federal bankruptcy laws.

In the event of the filing of a petition in bankruptcy by a principal network provider or subcontractor, the Contractor shall immediately so advise the Department. The Contractor shall ensure that all tasks that have been delegated to its subcontractor(s) are performed in accordance with the terms of this Contract.

#### **9.6.4 Termination for Default**

The Department may terminate the Contract, in whole or in part, if the Department determines that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract and is unable to cure such failure within a reasonable period of time as specified in writing by the Department, taking into consideration the gravity and nature of the default. Such termination shall be referred to herein as "Termination for Default."

Upon determination by the Department that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract, the Contractor shall be notified in writing, by either certified or registered mail, of the failure and of the time period which has been established to cure such failure. If the Contractor is unable to cure the failure within the specified time period, the Department can notify the Contractor in writing within thirty (30) calendar days of the last day of the specified time period that the Contract, has been terminated in full or in part, for default. This written notice will identify all of the Contractor's responsibilities in the case of the termination, including responsibilities related to enrollee notification, network provider notification, refunds of advance payments, return or destruction of Department data and liability for medical claims.

If, after notice of termination for default, it is determined by the Department or by a court of law that the Contractor was not in default or that the Contractor's failure to perform or make progress in performance was due to causes beyond the control of and without error or negligence on the part of the Contractor or any of its subcontractors, the notice of termination shall be deemed to have been issued as a termination for the convenience of the Department, and the rights and obligations of the parties shall be governed accordingly.

In the event of termination for default, in full or in part, as provided for under this clause, the Department may procure or contract from other sources, upon such terms and in such manner as is deemed appropriate by the Department, supplies or services similar to those terminated, and the Contractor shall be liable for any costs for such similar supplies and services and all other damages allowed by law. In addition, the Contractor shall be liable to the Department for administrative costs incurred to procure such similar supplies or services as are needed to continue operations. In the event of a termination for default prior to the start of operations, any claim the Contractor may assert shall be governed by the procedures defined by the Department for handling contract termination. Nothing herein shall be construed as limiting any other remedies that may be available to the Department.

In the event of a termination for default during ongoing operations, the Contractor shall be paid for any outstanding payments due less any assessed damages.

### **9.7 Remedies for Violation, Breach, or Non-Performance of Contract**

Upon receipt by the Department of evidence of substantial non-compliance by the Contractor with any of the provisions of this Contract or with State or Federal laws or regulations the following remedies may be imposed.

#### **9.7.1 Procedure for Contractor Noncompliance Notification**

In the event that the Department identifies or learns of noncompliance with the terms of this contract, the Department will notify the Contractor in writing of the nature of the noncompliance. The Contractor shall remedy the noncompliance within a time period established by the Department and the Department shall designate a period of time, not less than ten (10) calendar days, in which the Contractor shall provide a written response to the notification. The Department may develop or may require the Contractor to

develop procedures with which the Contractor shall comply to eliminate or prevent the imposition of specific remedies.

### **9.7.2 Remedies Available To the Department**

The Department reserves the right to employ, at the Department's sole discretion, any and all remedies available at law or equity including but not limited to, payment withholds and/or termination of the contract.

## **9.8 Payment**

The Contractor shall be prepared to provide the full range of services requested under this RFP and resultant contract, on site and be operationally ready to begin work by the implementation date established by DMAS. Upon approval of the Contractor's operational readiness and a determined start date, DMAS shall make payments as described in Section V of this RFP.

Each invoice submitted by the Contractor shall be subject to DMAS approval based on satisfactory performance of contracted services and compliance with all contract terms. The invoice shall contain the Federal tax identification number, the contract number and any other information subsequently required by DMAS

## **9.9 Identification of Proposal Envelope**

If a special envelope is not furnished, or if return in the special envelope is not possible, the signed bid/proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: _____	_____
Name of Contractor	Due Date /Time
_____	_____
Street or Box Number	City, State, Zip Code
_____	
RFP Number	
Name of Contract/Purchase Officer: _____	

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the Offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

## **9.10 Indemnification**

Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Department or to failure of DMAS to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.

## 9.11 Small Businesses Subcontracting and Evidence of Compliance

A. It is the goal of the Commonwealth that 42% of its purchases be made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All bidders/offerors are required to submit a Small Business Subcontracting Plan. Unless the bidder/offeror is registered as a DSBSD-certified small business and where it is not practicable for any portion of the awarded contract to be subcontracted to other suppliers, the Contractor is encouraged to offer such subcontracting opportunities to DSBSD-certified small businesses. This shall include DSBSD-certified women-owned and minority-owned businesses when they have received DSBSD small business certification. No bidder/offeror or subcontractor shall be considered a small business unless certified as such by the Department of Small Business and Supplier Diversity (DSBSD) by the due date for receipt of bids or proposals. If small business subcontractors are used, the prime Contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DSBSD certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.

B. Each prime Contractor who wins an award in which a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. Upon completion of the contract, the Contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DSBSD certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies for non-compliance to include, but not be limited to, termination for default.

C. Each prime Contractor who wins an award valued over \$200,000 shall deliver to the contracting agency or institution on a quarterly basis, information on use of subcontractors that are not DSBSD-certified small businesses. Upon completion of the contract, the Contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.

## 9.12 Prime Contractor Responsibilities

The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that it may utilize, using its best skill and attention. Subcontractors who perform work under this contract shall be responsible to the prime Contractor. The Contractor agrees that it is as fully responsible for the acts and omissions of its subcontractors and of persons employed by it as it is for the acts and omissions of its own employees.

## 9.13 Renewal of Contract

This contract may be renewed by the Commonwealth at the conclusion of the three-year base contract for three successive one-year periods under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

1. If the Commonwealth elects to exercise the option to renew the contract for an additional one-year period, the contract price(s) for the additional one year shall not exceed the contract price(s) of the original contract, **in addition to any modifications**, increased/decreased by more than the percentage increase/decrease of the "Other Services" under the sub-category of the Commodity and Services Group of the CPI-U section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

2. If during any subsequent renewal periods, the Commonwealth elects to exercise the option to renew the contract, the contract price(s) for the subsequent renewal period shall not exceed the contract price(s) of the previous renewal period , in addition to any modifications, increased/decreased by more than the percentage increase/decrease of the “Other Services” under the sub-category of the Commodity and Services Group of the CPI-U section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

#### **9.14 Confidentiality of Information**

By submitting a proposal, the Contractor agrees that information or data obtained by the Contractor from DMAS during the course of determining and/or preparing a response to this RFP may not be used for any other purpose than determining and/or preparing the Contractor’s response. Such information or data may not be disseminated or discussed for any reasons not directly related to the determination or preparation of the Contractor’s response to this RFP. This paragraph does not apply to public records that would be required to be disclosed in response to a request pursuant to the Virginia Freedom of Information Act.

#### **9.15 Business Associate Agreement (BAA)**

The Contractor shall be required to enter into a DMAS-supplied Business Associate Agreement (BAA) with DMAS to comply with regulations concerning the safeguarding of protected health information (PHI) and electronic protected health information (ePHI). The Contractor shall comply, and shall ensure that any and all subcontractors comply, with all State and Federal laws and regulations with regards to handling, processing, or using the Department’s PHI and ePHI. This includes but is not limited to 45 C.F.R. Parts 160 and 164 Modification to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act and the Genetic Information Nondiscrimination Act; Other Modifications to the HIPAA Rules; Final Rule, January 25, 2013 and related regulations as they pertain to this agreement.

The Contractor shall keep abreast of any future changes to the regulations. The Contractor shall comply with all current and future HIPAA regulations at no additional cost to DMAS, and agrees to comply with all terms set out in the DMAS BAA, including any future changes to the DMAS BAA. The current DMAS BAA template is available on the DMAS website at

[http://www.dmas.virginia.gov/Content\\_pgs/rfp.aspx](http://www.dmas.virginia.gov/Content_pgs/rfp.aspx)

#### **9.16 Obligation of Contractor**

By submitting a proposal, the Contractor covenants and agrees that it has satisfied itself of the conditions to be met, and fully understands its obligations, and that it will have no right to cancel its proposal or to relief of any other nature because of its misunderstanding or lack of information.

#### **9.17 Independent Contractor**

Any Contractor awarded a contract under this RFP will be considered an independent Contractor, and neither the Contractor, nor personnel employed by the Contractor, is to be considered an employee or agent of DMAS.

#### **9.18 Ownership of Intellectual Property**

All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance specific to this contract shall become the sole property of the Commonwealth. DMAS shall have open access to the above. On request, the Contractor shall promptly provide an acknowledgement or assignment in a tangible form satisfactory to the Commonwealth to evidence the Commonwealth’s sole ownership of specifically identified intellectual property created or developed in the performance of the contract.

### **9.19 Subsidiary-Parent Relationship**

In the event the Offeror is a subsidiary or division of a parent organization, the Offeror must include in the proposal, a signed statement by the chief executive officer of the parent organization pledging the full resources of the parent organization to meet the responsibilities of the subsidiary organization under contract to the Department. DMAS must be notified within ten (10) calendar days of any change in ownership as well as a letter explaining how the changes affect the Contractor's relationship with the Department. Any change in ownership will not relieve the original parent of its obligation of pledging its full resources to meet the obligations of the contract with DMAS without the expressed written consent of the DMAS Director.

### **9.20 Business Transactions Reporting**

The Contractor shall notify the Department within ten (10) calendar days after any publicly announced acquisition agreement, pre-merger agreement, or pre-sale agreement impacting the Contractor's ownership. Business transactions to be disclosed include, but are not limited to:

- a. Any sale, exchange, or lease of any property between the Contractor and a Party in Interest;
- b. Any lending of money or other extension of credit between the Contractor and a Party in Interest; and
- c. Any furnishing for consideration of goods, services (including management services) or facilities between the Contractor and a Party in Interest. Business transactions for purposes of this section do not include salaries paid to employees for services provided in the normal course of employment by the Contractor.

The Contractor shall advise the Department, in writing, within five (5) business days of any organizational change or major decision affecting its Medicaid business in Virginia or other states. This includes but is not limited to sale of existing business to other entities or a complete exit from the Medicaid market in another state or jurisdiction.

### **9.21 Compliance with Virginia Information Technology Accessibility Standard**

The Contractor shall comply with all state laws and regulations with regards to accessibility to information technology equipment, software, networks, and web sites used by blind and visually impaired individuals. These accessibility standards are state law (*see* § 2.2-3502 and § 2.2-3503 of the *Code of Virginia*). The Contractor shall comply with the Accessibility Standards at no additional cost to the Department. The Contractor must also keep abreast of any future changes to the Virginia Code as well as any subsequent revisions to the Virginia Information Technologies Standards. The current Virginia Information Technologies Accessibility Standards are published on the Internet at <http://www.vita.virginia.gov/library/default.aspx?id=663>.

### **9.22 eVA Order and Contracts**

The solicitation/contract will result in 1 purchase order(s) with the applicable eVA transaction fee assessed for each order.

Vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution and agree to comply with the following: If this solicitation is for a term contract, failure to provide an electronic catalog (price list) or index page catalog for items awarded will be just cause for the Commonwealth to reject your bid/offer or terminate this contract for default. The format of this electronic catalog shall conform to the eVA Catalog Interchange Format (CIF) Specification that can be accessed and downloaded from [www.eVA.virginia.gov](http://www.eVA.virginia.gov). Contractors should email Catalog or Index Page information to [eVA-catalog-manager@dgs.virginia.gov](mailto:eVA-catalog-manager@dgs.virginia.gov).

### 9.23 Continuity of Services

- a. The Contractor recognizes that the services under this contract are vital to the Department and must be continued without interruption and that, upon contract expiration, a successor, either the Department or another Contractor, may continue them. The Contractor agrees:
  - (i) To exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor;
  - (ii) To make all Agency owned facilities, equipment, and data available to any successor at an appropriate time prior to the expiration of the contract to facilitate transition to successor; and
  - (iii) That the Agency Contracting Officer shall have final authority to resolve disputes related to the transition of the contract from the Contractor to its successor.
- b. The Contractor shall, upon written notice from the Contract Officer, furnish phase-in/phase-out services for up to ninety (90) days after this contract expires and shall negotiate in good faith a plan with the successor to execute the phase-in/phase-out services. This plan shall be subject to the Contract Officer's approval.
- c. The Contractor shall be reimbursed for all reasonable, pre-approved phase-in/phase-out costs (i.e., costs incurred within the agreed period after contract expiration that result from phase-in, phase-out operations) and a fee (profit) not to exceed a pro rata portion of the fee (profit) under this contract. All phase-in/phase-out work fees shall be approved by the Contract Officer in writing prior to commencement of said work.

### 9.24 State Corporation Commission Identification Number

Pursuant to *Code of Virginia*, § 2.2-4311.2 subsection B, an Offeror organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 is required to include in its proposal the identification number issued to it by the State Corporation Commission (SCC). Any Offeror that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 or as otherwise required by law is required to include in its proposal a statement describing why the Offeror is not required to be so authorized. Indicate the above information on the SCC Form provided (Reference Attachment V- State Corporation Commission Form). Contractor agrees that the process by which compliance with Titles 13.1 and 50 is checked during the solicitation stage (including without limitation the SCC Form provided) is streamlined and not definitive, and the Commonwealth's use and acceptance of such form, or its acceptance of Contractor's statement describing why the Offeror was not legally required to be authorized to transact business in the Commonwealth, Shall not be conclusive of the issue and Shall not be relied upon by the Contractor as demonstrating compliance.

### 9.25 Subcontracts

No portion of the work shall be subcontracted without prior written consent of the Department. In the event that the Contractor desires to subcontract some part of the work specified herein, the contractor shall furnish DMAS the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

**Legal Responsibility** - In accordance with requirements described in 42 C.F.R. § 455 Subpart B, and the State Medicaid Director Letter SMDL #08-003 (available at <http://www.cms.gov/smdl/downloads/SMD061208.pdf>), the Contractor shall comply with all of the following federal requirements. Failure to comply with accuracy, timeliness, and in accordance with federal and contract standards may result in refusal to execute this Contract, termination of this Contract, and/or liquidated damages by the Department.

**Contractor Owner, Director, Officer(s) and/or Managing Employees**

(a) The Contractor and/or its subcontractors shall not knowingly have a relationship of the type described in paragraph (b) of this section with:

- (1) An individual or entity who is debarred, suspended, or otherwise excluded from participating in federal health care programs, as listed on the Federal List of Excluded Individuals and Entities (LEIE) database at [http://www.oig.hhs.gov/fraud/exclusions/exclusions\\_list.asp](http://www.oig.hhs.gov/fraud/exclusions/exclusions_list.asp) or excluded from participating in procurement activities under the Federal Acquisition Regulation or from participating in non-procurement activities under regulations issued under Executive Order No. 12549 or under guidelines implementing Executive Order No. 12549.
- (2) An individual who is an affiliate, as defined in the Federal Acquisition Regulation, of a person described in paragraph (a)(1) of this section.

(b) The relationships described in this paragraph are as following:

- (1) Director, officer, or partner of the Contractor.
- (2) Person with beneficial ownership of five percent or more of the Contractor's equity.
- (3) Person with an employment, consulting or other arrangement with the Contractor for the provision of items and services that are significant and material to the Contractor's obligations under this contract with the Department.

(c) Consistent with federal disclosure requirements described in 42 C.F.R. § 455.100 through 42 C.F.R. and § 455.106, the Contractor and its subcontractor(s) shall disclose the required ownership and control, relationship, and financial interest information; any changes to ownership and control, relationship, and financial interest; and information on criminal conviction regarding the Contractor's owner(s) and managing employee(s). The Contractor shall provide the required information using the Disclosure of Ownership and Control Interest Statement (CMS 1513) included as part of the MCO Specific Contract Terms and Signature Pages, annually at the time of Contract signing.

(d) The Contractor and its subcontractor(s) shall perform, at a minimum, a monthly comparison of its owners and managing employees against the LEIE database to ensure compliance with these federal regulations. The LEIE database is available at [http://www.oig.hhs.gov/fraud/exclusions/exclusions\\_list.asp](http://www.oig.hhs.gov/fraud/exclusions/exclusions_list.asp).

(e) The Contractor shall report to the Department within five business days of discovery of any Contractor or subcontractor owners or managing employees identified on the Federal List of Excluded Individuals/Entities (LEIE) database and the action taken by the Contractor.

(f) Failure to disclose the required information accurately, timely, and in accordance with federal and contract standards may result in refusal to execute this Contract, termination of this Contract, and/or liquidated damages by the Department.

**Contractor and Subcontractor Service Providers**

(a) In accordance with 1902(a)(39) and (41), 1128, and 1128A of the *Social Security Act*, 42 C.F.R. § 438-610, 42 C.F.R. § 1002, and 12 VAC 30-10-690 of the Virginia Administrative Code and other applicable federal and state statutes and regulations, the Contractor (including subcontractors and providers of subcontractors) shall neither participate with nor enter into any provider agreement with any individual or entity that has been excluded from participation in federal health care programs or who have a relationship with excluded providers of the type described in paragraph 1(b) above. Additionally, the Contractor and its subcontractor are further prohibited from contracting with providers who have been terminated from the Medicaid or FAMIS programs by DMAS for fraud and abuse. Additional guidance may be found in the Department's 4/7/09 Medicaid Memo titled "Excluded Individuals/Entities from State/Federal Healthcare Programs."



- (b) The Contractor shall inform providers and subcontractors about federal requirements regarding providers and entities excluded from participation in federal health care programs (including Medicare, Medicaid and CHIP programs). In addition, the Contractor should inform providers and subcontractors about the U.S. Department of Health and Human Services – Office of Inspector General (HHS-OIG) online exclusions database, available at <http://exclusions.oig.hhs.gov>. This is where providers/subcontractors can screen managing employees, contractors, etc., against the HHS-OIG website on a monthly basis to determine whether any of them have been excluded from participating in federal health care programs. Providers and subcontractors should also be advised to immediately report to the Contractor any exclusion information discovered. The Contractor must also require that its subcontractor(s) have written policies and procedures outlining provider enrollment and/or credentialing process. The Contractor and its subcontractor(s) shall perform, at a minimum, a monthly comparison of its providers against the LEIE database to ensure that their contracted health care professionals have not been included on the Federal List of Excluded Individuals/ Entities (LEIE) database, available at [http://www.oig.hhs.gov/fraud/exclusions/exclusions\\_list.asp](http://www.oig.hhs.gov/fraud/exclusions/exclusions_list.asp). Federal health care programs include Medicare, Medicaid, and all other plans and programs that provide health benefits funded directly or indirectly by the United States.
- (c) The Contractor shall report to the Department within five (5) business days of discovery of any network providers or its subcontractor providers that have been identified on the Federal LEIE database and the action taken by the Contractor.
- (d) Failure to disclose the required information accurately, timely, and in accordance with federal and contract standards may result in sanctions by the Department in accordance with this subsection of the Contract

## **9.26 Severability**

Invalidity of any term of this Contract, in whole or in part, shall not affect the validity of any other term. DMAS and Contractor further agree that in the event any provision is deemed an invalid part of this Contract, they shall immediately begin negotiations for a suitable replacement provision.to this RFP.

## **9.27 E-Verify Program**

EFFECTIVE 12/1/13. Pursuant to *Code of Virginia*, §2.2-4308.2, any employer with more than an average of 50 employees for the previous 12 months entering into a contract in excess of \$50,000 with any agency of the Commonwealth to perform work or provide services pursuant to such contract shall register and participate in the E-Verify program to verify information and work authorization of its newly hired employees performing work pursuant to such public contract. Any such employer who fails to comply with these provisions shall be debarred from contracting with any agency of the Commonwealth for a period up to one year. Such debarment shall cease upon the employer's registration and participation in the E-Verify program. If requested, the employer shall present a copy of their Maintain Company page from E-Verify to prove that they are enrolled in E-Verify

## **9.28 Contractor Internal Controls Report**

The Contractor shall provide the Department, at a minimum, a report from its external auditor on the effectiveness of its internal controls. If the report discloses deficiencies in internal controls, the Contractor shall include management's correction action plans to remediate the deficiency. If available, report shall be compliant with the AICPA Statement on Standards for Attestation Engagements (SSAE) No 16, Reporting on Controls at a Service Organization, Service Organizations Controls (SOC) 2, Type 2 Report, and include the Contractor and its third-party service providers. The internal control reports shall be provided annually each June 1<sup>st</sup> for the preceding calendar year.

## 9.29 Risk Management and Security

The Contractor, at a minimum, shall comply with VITA Information Security standards, which may be found on the VITA website at <http://www.vita.virginia.gov>. DMAS requires the Contractor to conduct a security risk analysis and to communicate the results in a Risk Management and Security Plan that will document Contractors compliance with the most stringent requirements listed below:

- Section 1902 (a) (7) of the Social Security Act (SSA);
- 45 C.F.R. Parts 160, and 164 Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under the Health Information Technology for Economic and Clinical Health Act (HITECH) and the Genetic Information Nondiscrimination Act (GINA); Other Modifications to the HIPAA Rules; Final, January 25, 2013
- [Hosted Environment Information Security Standard \(SEC525-01\)](#) (or latest version)
- [IT Information Security Standard \(SEC501-09\)](#) (or latest version)
- [IT Security Audit Standard \(SEC502-02.2\)](#) (01/06/2013) (or latest version)
- [IT Standard Use of Non-Commonwealth Computing Devices to Telework \(SEC511-00\)](#) (or latest version)
- [Removal of Commonwealth Data from Electronic Media Standard \(SEC514-04\)](#) (or latest version)
- [IT Risk Management Standard \(SEC520-00\)](#) (or latest version)
- At a minimum, the following specific security measures shall be included in the Risk Management and Security Plan Computer hardware controls that ensure acceptance of data from authorized networks only:
  - At the Contractor's central facility, placement of software controls that establish separate files for lists of authorized user access and identification codes;
  - Manual procedures that provide secure access to the system with minimal risk.
  - Multilevel passwords, identification codes or other security procedures that must be used by State agency or Contractor personnel;
  - All Contractor database software changes may be subject to the Department's approval prior to implementation; and
  - System operation functions must be segregated from systems development duties.

If requested, the Contractor agrees that the Plan will be made available to appropriate State and Federal agencies as deemed necessary by DMAS. If any changes to the Plan occur during the contract period, the Contractor shall notify the contract administrator at the Department within 30 days to the change occurring.

### Secure Email

- The Contractor shall provide secure email access (TLS-encryption) between DMAS and the Contractor for correspondence containing sensitive private health information (PHI) or personal identifiable information (PII). The TLS technique is required for communications between DMAS and the contractor containing sensitive information.
- Neither direct connection of VPNs to DMAS will be used for this purpose nor will DMAS use individual email certificates for its staff. DMAS will provide no special application server(s) for this purpose.
- It is recommended that routing of emails between DMAS and the Contractor shall support Secure SMTP over Transport Layer Security (TLS) RFC 3207 (or latest) over the Internet. The vendor will coordinate TLS encryption set up with DMAS technical security staff as needed to establish TLS.
- TLS email encryption shall be maintained through the mail gateway. Bidirectional TLS email encryption must be tested, documented and maintained between DMAS and the Contractor's SMTP server.

- DMAS additionally has implemented functionality that allows for point-to-point TLS email encryption.
- All expenses incurred in establishing a secure connectivity between the Contractor and DMAS, any software licenses required, and any training necessary shall be the responsibility of the Contractor.

### **9.30 Maintain Confidentiality of Information**

The Contractor shall maintain the confidentiality of Medicaid and FAMIS member information. The Contractor shall ensure that access to this information will be limited to the Contractor. The Contractor shall take measures to prudently safeguard and protect unauthorized disclosure of the Medicaid and FAMIS member information in its possession. The Contractor shall establish internal policies to ensure compliance with Federal and State laws and regulations regarding confidentiality including, but not limited to, 42 C.F.R. § 431, Subpart F, and Virginia Code § 32.1-325.3, and 12 V.A.C. 30-20-90. In no event may the Contractor provide, grant, allow, or otherwise give, access to Medicaid or FAMIS member information to anyone without the express written permission of DMAS. The Contractor shall assume all liabilities under both State and Federal law in the event that the information is disclosed in any manner.

Upon the Contractor receiving any requests for Medicaid and/or FAMIS information from any individual, entity, corporation, partnership or otherwise, the Contractor shall notify DMAS' Provider Reimbursement Division within twenty-four (24) hours or on the next business day. In cases where the information requested by outside sources is releasable under the Freedom of Information Act (FOIA), as determined by DMAS, the Contractor shall provide support for copying and invoicing such documents at the Contractor's expense.

# Attachment I: Reference Form

RFP 2017-05

Contract Name:	
Customer name and address:	
Customer contact and title:	
Contact Phone number:	
Scope of Services of Contract:	
Contract Type (fixed price, fee for service, capitation, etc)	
Contract Size (# of members eligible, # of members served, etc):	
Contract Period	
Number of Contractor staff assigned to contract:	

**Attachment II: Certification Of Compliance  
With Prohibition Of Political Contributions And Gifts During The Procurement Process**

**To Be Completed By Offeror and Returned With Your Technical Proposal**

For contracts with a stated or expected value of \$5 million or more except those awarded as the result of competitive sealed bidding

I, \_\_\_\_\_, a representative of \_\_\_\_\_,  
*Please Print Name* *Name of Bidder/Contractor*

am submitting a bid/proposal to \_\_\_\_\_ in response to  
*Name of Agency/Institution*

\_\_\_\_\_, a solicitation where stated or expected contract value is  
*Solicitation/Contract #*

\$5 million or more which is being solicited by a method of procurement other than competitive sealed bidding as defined in § 2.2-4301 of the *Code of Virginia*.

I hereby certify the following statements to be true with respect to the provisions of §2.2-4376.1 of the *Code of Virginia*. I further state that I have the authority to make the following representation on behalf of myself and the business entity:

1.The bidder/Contractor shall not knowingly provide a contribution, gift, or other item with a value greater than \$50 or make an express or implied promise to make such a contribution or gift to the Governor, his political action committee, or the Governor's Secretaries, if the Secretary is responsible to the Governor for an agency with jurisdiction over the matters at issue, during the period between the submission of the bid/proposal and the award of the contract.

2.No individual who is an officer or director of the bidder/Contractor, shall knowingly provide a contribution, gift, or other item with a value greater than \$50 or make an express or implied promise to make such a contribution or gift to the Governor, his political action committee, or the Governor's Secretaries, if the Secretary is responsible to the Governor for an agency with jurisdiction over the matters at issue, during the period between the submission of the bid/proposal and the award of the contract.

3.I understand that any person who violates § 2.2-4376.1 of the *Code of Virginia* shall be subject to a civil penalty of \$500 or up to two times the amount of the contribution or gift, whichever is greater.

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*

### Attachment III

#### **PROPRIETARY/CONFIDENTIAL INFORMATION IDENTIFICATION**

**To Be Completed By Offeror and Returned With Your Technical Proposal**

Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of § 2.2-4342F of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected including the section of the proposal in which it is contained and the page numbers, and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. In addition, a summary of proprietary information submitted shall be submitted on this form. The classification of an entire proposal document, line item prices, and/or total proposal prices as proprietary or trade secrets is not acceptable. If, after being given reasonable time, the Offeror refuses to withdraw such a classification designation, the proposal will be rejected.

Name of Firm/Offeror: \_\_\_\_\_, invokes the protections of § 2.2-4342F of the Code of Virginia for the following portions of my proposal submitted on \_\_\_\_\_.  
Date

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

DATA/MATERIAL TO BE PROTECTED	SECTION NO. & PAGE NO.	REASON WHY PROTECTION IS NECESSARY

**END OF DOCUMENT**

**Attachment IV**

**State Corporation Commission Form**

**Virginia State Corporation Commission (SCC) registration information. The offeror:**

☐ is a corporation or other business entity with the following SCC identification number: \_\_\_\_\_ -  
**OR-**

☐ is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust **-OR-**

☐ is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the Offeror in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from Offeror's out-of-state location) **-OR-**

☐ is an out-of-state business entity that is including with this proposal an opinion of legal counsel which accurately and completely discloses the undersigned Offeror's current contacts with Virginia and describes why those contacts do not constitute the transaction of business in Virginia within the meaning of § 13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

**\*\*NOTE\*\*** >> Check the following box if you have not completed any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for proposals (the Commonwealth reserves the right to determine in its sole discretion whether to allow such waiver): ☐

**To Be Completed by Offeror and Returned with Your Technical Proposal**